

GLOSSARY OF TERMS

Below represents a listing of terms and words used in the realm of Petition and Remonstrance, Referenda, as well as other related terms for facility construction, debt finance and related matters.

THE PLAYERS	
Bond Counsel	The law firm serving as bond counsel will advise the Director, business manager and local attorney on the correct proceedings and publications for an effective financing; prepare the financing timetable; draft the major documents such as Lease Agreement and Trust Indenture; work with the Library to develop a strategy to prepare for a remonstrance; and at the time of closing, review all of the proceedings and deliver an opinion that the bonds or lease are valid obligations and that the interest on the bonds is tax-exempt.
Building Corporation	Also referred to as a Holding Corporation, it is typically a not for profit corporation made up of 3 to 5 community members, which is formed to act as the issuer of the Bonds and lessor in a lease financing. Once the bonds mature the Corporation transfers title to the leased premises back to the Library.
Financial Advisor	The financial advisor is responsible for structuring the financing, specifically, advising as to such items as bond issue size, potential interest rates and term of repayment. The financial advisor will assist the Library in determining tax impact and timing of impact; prepare the Official Statement, which is used to market the bonds; prepare a budget of costs of the project and assist with the rating process and sale of the bonds.
Local Attorney	The regular Library attorney will oversee the preparation of the resolutions of the Board of Library Trustees and building corporation (used in a lease financing) relating to the financing; coordinate the required legal publications; coordinate the appraisal proceedings of real estate in a lease financing; obtain title insurance in a lease financing; and oversee the execution of transcript certificates and financing documents.
Registrar and Paying Agent	The registrar and paying agent is the bank that authenticates the bonds; mails or wires interest payments to the bondholders and pays the principal at maturity on presentation of the bonds by the bondholders.
Trustee	The trustee is the bank used in a lease financing which holds the bond proceeds in trust for the bondholders until spent by the building corporation on the project. The trustee collects the lease payment from the Library and uses it to pay the principal and interest on the bonds. Generally, the bank serving as trustee will also serve as registrar and paying agent in a lease financing.

Underwriter	The underwriter is: (i) the successful bidder on the bonds offering the lowest net interest cost (when a competitive bond sale is used) or (ii) the investment banker chosen by the Library as underwriter (when a negotiated sale is used). At the closing, the underwriter will pay the purchase price of the bonds in exchange for receiving delivery of the bonds.
OTHER LEGAL/FINANCIAL TERMS	
Bank Qualified	Bonds which are most attractive to banks because they are exempt from the 1986 Tax Act which eliminated 100% of a bank's interest expense deduction attributable to purchasing tax-exempt bonds. To have bonds eligible for designation as "bank qualified," a Library must reasonably expect not to issue or have issued on its behalf more than \$10,000,000 in tax-exempt obligations during the calendar year in which the bank qualified bonds are issued. The interest rate differential between bank qualified and non-bank qualified bonds varies with the market, but it has ranged from a low of .05% (5 basis points) to a high of .35% (35 basis points).
Capital Appreciation Bonds	Capital appreciation bonds (also known as zero coupon bonds) are bonds which do not pay interest semiannually but instead accrete interest over time and pay interest and principal at maturity.
Capitalized Interest	In a lease financing, the Library may not begin paying lease rentals unless or until the leased premises are available for use. In order to pay bondholders interest prior to the receipt of lease payments, interest is funded up front as part of the bond issue and therefore capitalized. Certain strategies can be used to reduce or eliminate the amount of interest which must be capitalized.
Closing	The closing is the day on which the bonds are delivered to the underwriters in exchange for payment and bond counsel delivers its opinion. The closing cannot be held until all legal proceedings for the financing have been completed.
Competitive Sale	If a competitive sale is used the sale notice is published indicating a date on which the issuer of the bonds will receive bids for the sale of the bonds. The bidder which offers the lowest interest cost on that day is the successful bidder. General obligation bonds must be competitively sold, but bonds used in a lease financing may be sold at a competitive sale or negotiated.

Controlled Project	A controlled project is a project for which the total project costs are in excess of the lesser of (i) \$2,000,000 or (ii) 1% of the total gross assessed valuation (if at least \$1,000,000) . For example, a project funded with \$1,800,000 of bonds and \$300,000 of capital projects fund money is a controlled project. A project which is mandated by a federal court is not a controlled project. If the Library is undertaking a controlled project, it must hold a hearing and publish notice of the preliminary determination to issue bonds. If 100 taxpayers file a petition during the thirty-day period after the publication of the notice of adoption, the petition/remonstrance race or referendum (depending on the project cost) will need to run before the project may proceed.
General Obligation Bond	Bonds issued directly by the Library and repaid with ad valorem property taxes and are subject to a Library's Constitutional debt limit (which is net assessed valuation /3 times 2%).
Lease Agreement	The Lease Agreement is between the building corporation, as lessor, and the Library, as lessee. The Library pays lease rental in amount sufficient to pay the principal and interest due on the building corporation's bonds, plus trustee's fees and incidental expenses.
Negotiated Sale	If a negotiated sale is used, the issuer selects an investment banker to structure, market, buy and sell the bonds. General obligation bonds may not be sold on a negotiated basis.
Non-controlled Project	A project for which the total project costs are less than the lesser of (i) \$2,000,000 or (ii) 1% of the total gross assessed valuation (if at least \$1,000,000). The neither petition/remonstrance nor referendum process apply to a non-controlled project. Whether the financing structure is a lease or general obligation bonds is irrelevant to the determination of whether a project is controlled or non-controlled.
Official Statement	The Official Statement is a document prepared by the financial advisor or underwriter which describes the terms of and security for the proposed bond issue and presents information about the Library. It has two purposes: (i) a sales tool for marketing the bonds to potential bondholders and (ii) a disclosure document which is required by certain Security and Exchange Commission Rules and Regulations.
Rebate	The process of giving the United States Treasury positive arbitrage earned on bond proceeds. Positive arbitrage is the difference between actual investment earnings and investment earnings that would have resulted from investing bond proceeds at the yield on the bonds. A Library can qualify for one of four exemptions from the rebate requirement.

Trust Indenture	The Trust Indenture is the agreement between the building corporation and a bank acting as trustee for the bondholders, which is used in connection with a lease financing. The trustee will receive the lease payments pursuant to the lease from the Library and use these moneys to pay principal and interest on the bonds. The trustee will also hold and invest the bond proceeds and make disbursements to contractors.
Undertaking Agreement	The Continuing Disclosure Undertaking is a document executed by the Library. Under SEC Rule 15c2-12, the Underwriter must assure itself that the bonds are covered by such an agreement before it can agree to buy the bonds. Pursuant to the agreement, the Library agrees to send certain financial information EMMA annually and give notice of the occurrence of any specific material events listed in the Rule. Applies to bonds with a principal amount of \$1,000,000 or more.
Petition Remonstrance	Applicable to a Controlled Project which total project cost does not trigger the referendum process. Only applicable if a petition is filed by 100 voters or taxpayers requesting the race apply to the project. If petition is filed, the project may not proceed unless it goes through a remonstrance period and wins.
Referendum	The Referendum is the process in which a public question approving the project is placed on the ballot during an election and applies if the total project costs exceeds the lesser of (i) \$12,000,000 or (ii) 1% of gross assessed valuation.
Remonstrance Period	This is the thirty day period which starts thirty days after the publication of the notice of applicability of the petition/remonstrance process to the proposed financing in which proponents and opponents can file petitions for and remonstrances against the proposed bonds or lease. If the remonstrance against the project contains more taxpayer or voter names than the petition in favor of the project, the bonds may not be issued or the lease may not be entered into for one year.

DESIGN & CONSTRUCTION TERMINOLOGY	
Design Professionals	A term used generally to refer to architects, engineers and interior designers whose services are required for public building projects and require licensing/registration by the state. Design Professionals remain <u>independent</u> of the contractors, manufacturers and vendors, other than the construction delivery method of Design-Build and Performance Contracting
Architect	A licensed professional who prepares plans and specifications for a building or structure. Architectural services include such duties as project analysis, development of the project design, preparation of construction documents/specifications, bidding requirements, and construction observation. For the Library building project at the initial preliminary phase of a project, the architect prepares the schematic design; supplies the financial advisor with the estimated costs of the project; works with the Library attorney and the Library.
Engineer	A licensed professional that applies scientific knowledge, mathematics and ingenuity to develop building solutions. Engineers design materials, structures and systems while considering the limitations imposed by practicality, safety and cost. Types of engineers include mechanical, structural and electrical engineers.
Interior Designer	A licensed professional responsible for the interior design, decoration, and functionality of a client's space. Interior designers work closely with architect and Owner for space planning, furniture bidding and other related interior space needs.
Construction Manager	The construction manager is used when employing numerous contractors instead of one general contractor. The construction manager reviews plans prepared by the architect; prepares or verifies the estimated construction costs for the budget; and coordinates and oversees the construction.
Clerk-of-Works	The clerk of works (or clerk of the works), often abbreviated CoW, is employed by the architect or client on a construction site. The role is primarily to represent the interests of the client in regard to ensuring the quality of both materials and workmanship are in accordance with the design information such as specification and engineering drawings.
Contractor	Company which employs construction trades to build a structure. Current industry trend is to specialize in a particular aspect of a building such as Mechanical (HVAC and Plumbing), Electrical, General, Painting, Flooring and many other areas.

Construction Delivery Methods and Related Terms:	
Design-Bid-Build	Project delivery method in which the agency or owner contracts with separate entities for each the design and construction of a project.
Unified Bid	Project delivery method in which there is one contract and cost to cover all of the work for all contractors/trades.
Extended Services	Project delivery method in which the project team includes both design and construction personnel from start to finish, ensuring that the facilities are built efficiently, expeditiously, and economically. Several employees are involved in the construction service and the management team with additional field personnel on staff. Project supervision is performed by personnel who have traveled through the ranks of the construction industry. They are skilled in all aspects of the methods of ways and means, including sequence of good construction practices in the field.
Construction Management	The overall planning, coordination, and control of a project from inception to completion aimed at meeting a client's requirements in order to produce a functionally and financially viable project.
Design-Build (Integrated)	A method to deliver a project in which the design and construction services are contracted by a single entity known as the design-builder or design-build contractor. Design-build relies on a single point of responsibility contract and is used to minimize risks for the project owner and to reduce the delivery schedule by overlapping the design phase and construction phase of a project.
Performance Contracting	Performance contracting is a means of raising money for investments in energy efficiency that is based on future savings. It enables money that will be saved as a result of the introduction of a new energy-efficient technology to be used to offset the cost of financing, installing, operating and operating that technology. By definition, the future savings must be greater than the costs.